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SUBJECT: VFM LE VAN BANG ON UPCOMING HIGH-LEVEL VISITS, OUTSTANDING
BILATERAL ISSUES

Ref: Hanoi 349

¶1. (SBU) Summary: The GVN is placing great stock in the upcoming visit of DPM/FM Khiem to the United States as "preparing the atmosphere" for President Triet's own travel to the United States later this year, VFM Le Van Bang told the Ambassador February 26. The DPM's visit will also provide the occasion to close out remaining bilateral business, such as the Maritime Agreement and the Dalat reactor conversion project. The VFM assessed in positive terms recent advances in mil-mil relations and USG efforts to address dioxin remediation, was less sanguine about the possibility of a Peace Corps breakthrough and suggested that President Triet's visit -- possibly in late June or the second week in July -- should be the "finish line" for pending commercial agreements and a new Embassy land deal. The Ambassador raised human rights concerns (reftel) and pressed for clarity on what issues the DPM plans to raise in Washington -- including issues related to a bilateral TIFA, each country's respective consular presence, dioxin remediation and ODA. The Ambassador also sought greater bilateral law enforcement cooperation, such as in addressing the growing money laundering problem. End Summary.

¶2. (SBU) The Ambassador, in his February 26 meeting with Vice Foreign Minister Le Van Bang, discussed at length human rights-related issues (reftel). This message details discussions on other issues raised during the meeting. One focus of the discussion was the March 10-17 visit to the United States of DPM/FM Pham Gia Khiem. Arrangements are underway for a four-city tour taking the DPM to San Francisco, Los Angeles, Chicago and Washington.

¶3. (SBU) The Ambassador noted the that the DPM's visit could help to continue the forward momentum in bilateral relations spurred by President Bush's very positive visit to Vietnam last November, while laying a foundation for the successful visit later this year of President Nguyen Minh Triet. In that vein, it is important that, before the United States and Vietnam move on to new bilateral business, the two sides close out remaining issues such as the Maritime Agreement, Dalat, Peace Corps and a number of commercial matters, the Ambassador said.

Maritime Agreement, Dalat, Peace Corps, Commercial Deals

¶4. (SBU) The Maritime Agreement signing has been set for March 15, and we hope that this does not change, the Ambassador continued. Regarding our cooperation in reducing the threat of the proliferation of nuclear material, Vietnam and the United States have agreed to cooperate in converting the Dalat nuclear reactor from HEU to LEU fuel. Our two sides are close to agreement on this project's details, and we are working towards signing two key contracts in March. On a possible Peace Corps program, however, although many in the USG and GVN support reaching an agreement, to date it has been difficult to translate this support at the working level toward concrete progress. Particularly nettlesome has been the lead agency's (MOET, the Ministry of Education and Training) limited mandate to reach an agreement on key points regarding the

status and scope of the program. At this point, the USG needs a clear signal from the GVN on whether to continue to push forward or to shelve this matter. A number of large commercial deals involving Boeing, AES, Alcoa and Gannon also remain before us, the Ambassador said.

NEC, Mil-Mil Relations

15. (SBU) Resolution of the land issue for our new Embassy has also been elusive, the Ambassador noted. The USG's presence in Vietnam continues to grow, and our plans for a new Embassy will provide a 50-year platform for carrying out USG business in Vietnam. Moving forward on this issue would allow not only the USG, but also the GVN, to address problems related to our respective presences in Hanoi and Washington. VFM Bang pledged to take a close look at this matter, and suggested that the President Triet visit may be the occasion to wrap this up.

16. (SBU) Improvements in bilateral military-to-military relations have been notable, and we look forward to further progress in this area, the Ambassador continued. For example, we would like to move ahead with sales of non-lethal military equipment and have requested from the Ministry of Defense a non-binding Letter of Request on potential items of interest. Furthermore, we are looking forward to a number of possible ship visits in the months ahead that would include vessels with meteorological and humanitarian missions. We hope that the GVN relaxes its stated one-per-year limitation on foreign ship visits, the Ambassador said.

DPM's, President's Visits

17. (SBU) The DPM's visit will be key to preparing the atmosphere for

HANOI 00000367 002 OF 003

President Triet's own travel to the United States, VFM Bang asserted. In response to the Ambassador's question about the Triet visit's timing, VFM Bang said that the MFA had proposed to the President's office either the last two weeks of June or the second week in July, but has not yet received any feedback. It is also unclear where, other than Washington, D.C., President Triet will visit. Texas and New York City are two possibilities. As for the DPM's visit, he will be accompanied by a number of high-ranking officials from the Ministries of Trade, Transportation, Education and Training, Science and Technology and Planning and Investment, as well as the Office of the Government (the Prime Minister's Office). While in Washington, in addition to the confirmed meetings with the APNSA Hadley, the Secretary and USTR Schwab, the DPM is seeking meetings at OPIC, ExImBank, Commerce, the IMF, the World Bank and Congress.

Peace Corps "Complicated"

18. (SBU) VFM Bang acknowledged the upcoming Maritime Agreement signing and noted that the DPM's visit will hopefully be an occasion to seal the Dalat-related agreements. Peace Corps is more complicated. While the GVN would welcome a "first-stage" Peace Corps program that is focused on English-language training, the USG appears to want more. As with other bilateral projects, such as fullest possible accounting, demining and other forms of humanitarian assistance, a successful Peace Corps presence requires a step-by-step approach to build confidence; once this has been achieved, then the program's activities could be expanded. There is no doubt that Vietnam, in light of its national aspirations, could use the English-language training that a Peace Corps program could provide. VFM Bang said that the issue "should be kept alive" and addressed by a step-by-step approach that will "hopefully begin something."

Commercial Deals, Trade Relations, ODA

19. (SBU) Regarding pending commercial deals, although the DPM's visit will be an opportunity to "work on them," President Triet's

visit should be the "finish line we aim for," VFM Bang continued. Vietnam is currently weighing offers from Boeing and Airbus and VFM Bang surmised that Boeing could win a deal for half of the 15-20 aircraft that will be added to Vietnam Airlines' fleet. The AES and Gannon power plant deals are in "good shape." Regarding Alcoa, Chinese, French and Canadian companies have also expressed interest in bauxite mining, but Alcoa's bid may be more attractive because of its added pledge to refine the bauxite in Vietnam, VFM Bang said.

¶10. (SBU) VFM Bang reported that the GVN is still "puzzled" by the textile issue (referring to possible anti-dumping action to limit the import into the United States of apparel products from Vietnam) and expressed his hope that "nothing happens." The GVN has been urging Vietnamese textile manufacturers "not to rush to export goods to the United States nor price their wares too low." On a possible bilateral TIFA and GSP, the GVN is "very interested," he added. As for ODA, the GVN is pleased with the ongoing incremental increases in USG assistance. The recent announcement about dioxin-related environmental remediation was also welcome, "particularly in dealing with certain people," VFM Bang continued. Vietnam remains hopeful that there will one day be a highly visible "U.S. symbol, such as an American university," which could be launched on the basis of both private and public support.

¶11. (SBU) The GVN agrees that both sides should maintain the positive momentum in mil-mil relations and that military sales can help in this regard. Military sales can also serve to lower the trade deficit, VFM Bang observed. In the minds of Vietnam's leadership, spare parts for helicopters and armored personnel carriers are priorities. High-tech items and other equipment, such as fast patrol boats, are also desirable. "We understand that the United States does not want Vietnam to be weak militarily," VFM Bang opined. As for other forms of mil-mil cooperation, the VFM recalled the recent visit of CINCPACFLT Admiral Gary Roughead and noted the prospects of future bilateral cooperation in search and rescue, meteorological data collection and sharing, humanitarian operations and ship-borne fullest possible accounting.

What's on the DPM's Mind?

¶12. (SBU) Returning to the subject of the DPM's upcoming U.S. visit, the Ambassador mentioned that it would be helpful to know what issues the DPM plans to raise in order to be fully prepared to respond. For example, USTR has suggested a TIFA as an excellent next step in developing our bilateral economic relationship, and the Ambassador asked whether DPM Khiem will raise it. Similarly, it would be useful to know whether the DPM will want to discuss the issue of opening of new consular facilities in each other's country, which has been the subject of some informal discussions. On dioxin

HANOI 00000367 003 OF 003

remediation, we are searching for ways to strengthen our two Presidents' commitment in this area, and knowing how the DPM plans to raise this matter would be useful. VFM Bang responded that the MFA will not advise the DPM to raise the dioxin matter. VFM Bang went on to note that Vietnam's former Vice President Nguyen Thi Binh has been very vocal on this subject and that U.S. support for organizing international NGOs to address the "human side" of the dioxin problem might "ease the situation."

Law Enforcement Cooperation

¶13. (SBU) In terms of law enforcement cooperation, the DEA-MPS MOU signed last November was a good step forward, and our recent exchanges on money laundering were welcome, the Ambassador noted. However, we need to increase our cooperation to address money laundering, which now involves a flow of an estimated USD one billion per year. While the USG has at its disposal the ability to freeze suspect bank accounts, there are better ways to deal with money laundering. The Ambassador suggested that senior members of the DPM's delegation meet with Department of Justice officials to discuss this matter further. VFM Bang responded that it remains unclear whether a Ministry of Public Security official will join the DPM's delegation; perhaps the Office of the Government

representative could discuss this. However, effectively addressing the money laundering problem must begin in the United States, VFM Bang argued. The Ambassador responded that better bilateral cooperation requires changes in Vietnam's own legislation.

Education ODA?

¶14. (SBU) Recalling Prime Minister Nguyen Tan Dzung's direct request to President Bush last November for "education ODA" for Vietnam, and the Prime Minister's own recent mention of this to him, the Ambassador sought clarification from VFM Bang on what the GVN envisions in this area and whether and how the DPM will raise it. Expanding the Fulbright program, working with the GVN on English language curriculum development or initiating a Peace Corps English language program are obvious education-related steps, but it seems that the PM has something bigger in mind. On the question of ODA in general, the Ambassador noted that, while the USG has increased the total amount of ODA for Vietnam over the years, big ticket infrastructure and other items should not be expected, and it would not be useful for the DPM to raise this request in Washington.

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